

**United States Environmental Protection Agency
Criminal Investigation Division
Investigative Activity Report**

Case Number

0506-0026

Case Title:

Ferguson Enterprises Inc.

Reporting Office:

Detroit, MI, Resident Office

Subject of Report:

Interview of (b)(6), (b)(7) DWSD

Activity Date:

November 5, 2010

Reporting Official and Date:

(b)(6), (b)(7)(C), RAC

20-DEC-2010, Signed by: (b)(6), (b)(7), RAC

Approving Official and Date:

(b)(6), (b)(7)(C), SAC

22-DEC-2010, Approved by: (b)(6), (b)(7), SAC

SYNOPSIS

11/05/2010 - U.S. EPA CID Special Agent (SA) (b)(6), (b)(7)(C) interviewed (b)(6), (b)(7) Head Engineer, Detroit Water and Sewerage Department (DWSD) regarding contract DWS 864. Also present during the interview was (b)(6), (b)(7) Detroit Law Department. (b)(6), was previously interviewed by SA (b)(6), (b)(7) in this investigation.

DETAILS

On November 5, 2010, U.S. EPA CID Special Agent (SA) (b)(6), (b)(7)(C) interviewed (b)(6), (b)(7) Head Engineer, Detroit Water and Sewerage Department (DWSD) regarding contract DWS 864. Also present during the interview was (b)(6), (b)(7) Detroit Law Department. (b)(6), was previously interviewed by SA (b)(6), (b)(7) in this investigation and provided the following information:

(b)(6), was shown copies of letters dated February 14, 2007 and February 16, 2007, which were signed by (b)(6), and sent to Inland Waters/Xcel regarding DWSD contract DWS 864. The letters directed Inland/Xcel to stop all work activity on the contract pending further notification from the DWSD. (See Attached) (b)(6), explained that (b)(6), (b)(7)(C) to whom (b) reported, came to (b) on the morning of February 14, 2007 and told (b) to write the letter and it had to be sent out that day. (b)(6), did not explain why the DWSD was issuing a stop work order and (b)(6), did not ask why. (b)(6), explained that (b) was not assigned to this contract but the Project Manager, (b)(6), (b)(7)(C) was unavailable that day for some reason. (b)(6), complied with Shukla's direction and sent the letter. (b)(6), also emailed the letter to (b)(6), and (b)(6), (b)(7) (b)(6), emailed (b)(6), back and told (b) to add to emergency response work to the letter. (b)(6), thought this was a bit odd as (b) felt the original letter made it clear that Inland/Xcel was to stop all work but again complied with Shukla's request. The second letter was dated February 16, 2007, and (b)(6), emailed this to (b)(6), and (b)(6), as well. (b)(6), agreed to provide SA (b)(6), (b)(7) with copies of the emails as (b) was certain (b) still had them.

SA (b)(6), (b)(7) asked (b)(6), why (b) thought the stop work order was being issued. (b)(6), said (b) didn't know but suspected it was due to the fact that the contract had not been approved by the City Council. (b)(6), explained that the Board of Water Commissioners had approved the contract by this point but there was a belief that the City Council was sitting on it for some reason, perhaps due to the cost of the contract. (b)(6), had not heard that the contract was being held up by DWSD Director (b)(6), (b)(6), (b) or Mayor (b)(6), (b)(7)(C).

(b)(6), noted that (b)(6), had signed Task Order No.'s 1 and 2 on February 5, 2007, and this documentation had to have gone through (b)(6), as well. (b)(6), found it unusual that the Task

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Orders were signed only to have stop work orders issued a short while later. (b)(6), commented that (b) didn't question these decisions as they were (b) bosses to make. (b)(6), did not have any discussions with (b)(6), or (b)(6), (b) regarding the stop work orders, just (b)(6),

(b)(6), opined that if (b)(6), (b)(6), (b) wanted to cause the stop work orders to be issued (b) likely would have went to (b)(6), or (b)(6), (b) and not (b)(6), (b) (7)(C) or (b)(6),

The next involvement (b)(6), had with the contract was on April 9, 2007 when (b) was told by (b)(6), to draft a letter to Inland/Xcel for (b)(6), signature which lifted the stop work order.

(b)(6), was the Project Manager for CS 1368. (b)(6), group received the pay applications for this contract and in turn sent them to either Field Engineering Staff or Operations & Maintenance, depending on the work completed. Field Engineering reviewed pay applications for routine repairs while Operations & Maintenance reviewed emergency repair work. (b)(6), (b) and (b)(6), (b) were the representatives from Operations & Maintenance who received the pay applications. (b)(6), was not aware of (b)(6), (b) calling (b)(6), or other DWSD management to complain that (b) was not being paid by the CS 1368 prime contractor, which was Inland Waters. (b)(6), was also not aware of Inland having complaints that (b)(6), (b) had submitted invoices with no supporting documentation. (b)(6), explained that if there were discrepancies between work done in the field and what was billed to the DWSD (b) would talk to the field engineering staff and hold all payments for the work in question. (b)(6), (b) never contacted (b)(6), to complain about Inland falling to pay (b)